

HED Property
Owners
Association
Directors

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John Tronson
President
*Tronson Investment
Group*

Joel Fisher
Vice President
The Avalon

Tej Sundher
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*Hollywood
Guinness/Wax
Museums*

Rick Beltz
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M + S Management

Chris Bonbright
Whitley Court Partners

Lynda Bybee
MTA

Donelle Dadigan
Max Factor Bldg.

David Gajda
Hollywood Software

William Hertz
Mann Theatres

Nathan Korman
1723 Wilcox

Ron Radachy
Oasis of Hollywood

Alan Sieroty
Sieroty Company

Robert Victor
*Vanowen Realty
Corporation*

Monica Yamada
CM Group LLC

★★★

Kerry Morrison
Executive Director



Hollywood Entertainment District
Property Owners Association
1680 N. Vine Street, Suite 216
Hollywood, CA 90028
phone 323 463 6767 fax 323 463 1839

October 31, 2004

TO: Karen Kalfayan
Office of the City Clerk

FROM: Kerry Morrison
Executive Director
Hollywood Entertainment District POA

SUBJECT: Third Quarter
July 1, 2004 to September 30, 2004

As is required in our Agreement with the City of Los Angeles, I am submitting our Second Quarter Report to summarize key activities of the Hollywood Entertainment District. In addition, the June 30, 2004 financial statement is attached to this memo.

I. Operational Issues

- HEDPOA Chairman John Tronson appointed a Nominating Committee in July. The committee consists of board members Monica Yamada and Nathan Korman and at-large member John McGann, representing the El Capitan Building. Letters announcing five openings on the Board, along with applications for director positions were mailed to the property owners in early July, and the deadline for accepting applications was July 29, 2004. As a result of nominations received, the Committee announced the following slate in a mailing sent to all property owners on August 19, 2004:
 - a. Rick Beltz, M+S Management
 - b. Joel Fisher, Avalon
 - c. Chris Bonbright, Whitley Court Partners
 - d. Jose Malagon, Hollywood Media Center
 - e. Jeff Rouze, Historic Hollywood Hillview LLC
- The Executive Director, working in conjunction with the City Clerk's office, RBZ LLC and two other BID's, developed a "Financial Best Practices Seminar," which was presented to Los Angeles city BID Directors on September 8. The seminar covered city contract and reporting

requirements, prudent financial practices and an introduction to QuickBooks as a module to streamline accounting and financial reporting for BIDs.

- The Association worked with its insurance consultant, Steve Romine, in order to secure a new general and excess liability insurance policy in order to obtain insurance coverage that includes employee non-owned auto insurance. In September, the Board approved cancelling the existing policies for general liability, excess liability and commercial crime, and purchasing a Farmers Policy through a new broker, Souza Insurance Agency. The Association will be covered under the new policy until September, 2005.
- The Executive Director participated in a meeting at the City Attorney's office on July 15 to discuss the new BID contract. In attendance at this meeting were representatives from the City Clerk's office, the City Attorney, and three LA area BIDs. The City Attorney staff will distill the comments and suggestions, and pledged to return with a new draft in early September (which did not occur by the end of this reporting period).
- With respect to third quarter finances, the summary is as follows:
 - a. Third Quarter projections show year-end assessment revenue at \$2,216,585. This represents a \$40,585 improvement over the original budgetted revenue assumption of \$2,176,000. The revenue has improved because of a lower-than-anticipated rate of delinquencies this year.
 - b. Projections indicate year-end expenses will exceed budget by approximately \$25,000, owing to the improvement in the revenue picture. However, year-end cash-on-hand is estimated at \$32,233 which will be rolled into the new year. All expenditures are in line with Management District Plan categories, and a spreadsheet and summary of accounts is attached.

II Security

- The Video Surveillance Camera Task Force solicited bids from vendors for the camera installation project. Four vendors submitted proposals and three vendors were interviewed in August. The Interview Committee recommended the hiring of Metro Video Systems, Inc. from El Segundo, after a reference check. Metro Video has had experience with CCTV installations in Palm Springs (for the police department), the DMV, LAX and the San Diego Trolley. At the September 23 board meeting, the board authorized retaining counsel to advise on the Metro Video contract.
- The Board voted at the July 22, 2004 meeting to scale back security deployment for the remainder of the year, in order to set aside funds for the camera installation project. It was determined that \$80,000 of the

\$100,000 will come from 2004 resources (security and contingency funds in general operating budget and special projects funds), and the additional \$20,000 will come from 2005 security resources.

- The HED began working with the city's Risk Manager and city attorney staff on two hold harmless letters: the first between the city and the HEDPOA, and the second between the city and the individual property owners who agree to host the cameras. A satisfactorily drafted hold harmless agreement is a pre-requisite to the HED consummating the camera contract with its vendor. To advise the Association, the advice of counsel at Paul Hastings Janofsky was also sought on this issue (at a cost NTE \$2,500).
- On September 13, a delegation from the HED, John Tronson, Joel Fisher, Dan Koch (consultant) and Kerry Morrison, accompanied Capt. Mike Downing and Sgt. Alan Hamilton to Palm Springs to meet with representatives from the Palm Springs Police Department and tour the camera installation along Palm Canyon Drive in their downtown District.
- The HED testified in favor of a silly string prohibition that would apply to Halloween in Hollywood. The first hearing was held on July 9 at the Public Works Committee. A final city council vote was held on July 23, and the ordinance was signed by the mayor, well enough in advance to take effect for Halloween.

III Streetscape Issues

- On July 7, the council's Housing and Community Development Committee approved the release of \$46,000 from funds that have accumulated in the Hollywood/Vine Assessment District account. HED staff secured a bid from TruGreen to trim the trees along the Walk of Fame, and the contract to facilitate the transfer of funds from the City to the HEDPOA still had not been drafted as of the end of this reporting period.
- HED staff continues to work with CRA to secure the grant funding for the Fan Palms West project, to replace Ficus Trees with Palm Trees on the west end of the Boulevard. In September, the HED received a draft copy of the agreement between the CRA and the Association for a project scope which includes the removal of Ficus Trees and the installation of 41 Mexican Fan Palms along Hollywood Blvd from Sycamore on the west to just east of Orange. Permits for removal have already been secured by the HED and the construction documents are 76% complete. The final agreement must still be approved by the CRA Board.
- The CRA has agreed to provide funding, through the HEDPOA, to hire a contractor to remove the plam tree "up-lights" along Hollywood Boulevard,

from Sycamore to LaBrea. These lights were installed by the CRA about 10 years ago, and the tree growth has compromised their effectiveness, and their safety, given growth in the trunk, and loosening fixtures.

IV Marketing Issues

- The HED participated in the planning and co-sponsorship of an Adaptive Re-use Tour of Hollywood commercial properties eligible for conversion into residential buildings. The main coordinator was Hamid Behdad of the Mayor's Office. The tour was held on September 21 and featured six buildings, four of which were in the HED. The buildings included the Broadway Building at the SW corner of Hollywood/Vine; the Equitable Building, at the NE corner of Hollywood/Vine; the Cosmo Lofts and the Hollywood Professional Building at the SE corner of Hollywood and Sycamore. Over 100 developers, investors, bankers and media representatives attended.
- The HED's marketing consultant, Urban Legend PR, worked cooperatively with the Chamber to develop a "Hollywood Familiarization Seminar" (or FAM Seminar) to educate personnel from stores, hotels, attractions and restaurants about the various visitor-serving businesses and pertinent events in Hollywood. The seminars were held on July 27 and July 29 at the Renaissance Hotel.

V. OTHER

- The HED continues to be represented on the CD-13 Street Closure Advisory Committee. Given the continuing proliferation of requests from various public and private groups to close down Hollywood Boulevard, the board asked a subcommittee to draft a policy to guide the HEDPOA stance on street closures.
- In compliance with the Los Angeles Unified School District policy, the HEDPOA formed an Education Task Force and met with Mark Paz, principal of Selma Elementary School, on July 14. The Task Force members toured the school, and offered ideas on how the business community can partner with the school on various activities. Information to this effect was also included in a subsequent issue of the BID BIZ.
- On September 28, HEDPOA representatives participated in a presentation to the Academy of Motion Picture Arts and Sciences (AMPAS) Museum Planning Committee, who is evaluating potential locations for a major AMPAS museum devoted to Motion Picture History. The AMPAS committee is seriously looking at Downtown L.A. and Hollywood for a potential location.